

TAXPAYERS MUST FILE SOON TO CLAIM \$2 BILLION IN 1996 REFUNDS

WASHINGTON -- The Internal Revenue Service estimates that nearly 1.6 million people who paid taxes but failed to file returns for 1996 risk losing about \$2 billion in refunds if they don't get their late returns to the IRS by April 15, 2000.

The law generally provides for refunds only if taxpayers file returns within three years of the filing deadline, said IRS Commissioner Charles O. Rossotti. We want people to get the refunds they deserve, but they have to file tax returns in order to claim them.

IRS researchers found that as of January 1999, these taxpayers still had not filed the returns that were due in 1997. Some may have filed them since then. If the returns aren't at the IRS by April 15, 2000, the taxpayers lose their right to the money. It is not enough for the returns to be mailed by then -- the law requires that the IRS receive the returns by that date in order to refund taxes withheld or paid during 1996.

If a taxpayer has not filed returns for 1997 or 1998, the IRS will hold any 1996 refund due until it also has returns for those years. The refund would be reduced by any amounts still owed for other years, as well as by unpaid child support or certain federal debts, such as student loans. There is no penalty for filing a late return qualifying for a refund, since the penalty would be based on any unpaid tax.

By not filing returns, people may lose more than refunds of taxes withheld or paid during 1996. Many eligible low-income workers may not have claimed the Earned Income Tax Credit (EITC). Although eligible taxpayers may get a refund when their EITC is more than their tax, those who file returns more than three years late would be able only to offset their tax. They would not be able to receive refunds if the credit exceeded their tax.

For 1996, workers could claim the EITC if their incomes were less than \$28,495 and they had two qualifying children, less than \$25,078 and they had one qualifying child, or less than \$9,500, if they had no child and were at least age 25 and under 65.

The IRS Web site at www.irs.gov has forms for prior years as well as the current tax year. Taxpayers may also request the forms by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676). Those who need help preparing prior year returns or gathering income records may call the IRS at 1-800-829-1040. Taxpayers should request either forms or help by mid-March, to allow time for processing before the April deadline.

(more)

[**EDITORS:** The following are IRS estimates, by state, of the numbers of taxpayers who have not filed for potential refunds for the 1996 tax year.]

STATE	<i>Potential</i>	<i>Est. Refunds</i>			
	<i>Nonfilers</i>	<i>(000s)</i>			
Alabama			23,600		\$22,796
Alaska			7,800		\$9,542
Arizona			29,900		\$32,075
Arkansas			13,800		\$11,720
California			174,800		\$417,587
Colorado			26,600		\$31,302
Connecticut			18,900		\$27,471
Delaware			5,200		\$4,577
District of Columbia			6,900		\$9,923
Florida			103,800		\$156,665
Georgia			57,600		\$53,076
Hawaii			10,900		\$11,853
Idaho			5,600		\$5,799
Illinois			69,100		\$89,001
Indiana			31,700		\$32,514
Iowa			14,700		\$11,825
Kansas			16,900		\$14,051
Kentucky			15,800		\$17,311
Louisiana			24,300		\$26,321
Maine			5,000		\$9,208
Maryland			32,900		\$35,136
Massachusetts			36,400		\$61,423
Michigan			65,900		\$75,168
Minnesota			21,300		\$19,608
Mississippi			12,500		\$11,999
Missouri			30,300		\$28,384
Montana			3,900		\$3,222
Nebraska			7,700		\$7,869
STATE			<i>Potential</i>		<i>Est. Refunds</i>
			<i>Nonfilers</i>		<i>(000s)</i>
Nevada			17,000		\$23,396
New Hampshire			5,500		\$7,778
New Jersey			52,800		\$74,264
New Mexico			9,200		\$8,625
New York			102,700		\$154,104
North Carolina			44,200		\$39,507
North Dakota			2,500		\$2,091
Ohio			48,500		\$53,140
Oklahoma			20,900		\$17,376
Oregon			22,800		\$22,780
Pennsylvania			50,300		\$67,205
Rhode Island			5,100		\$5,307
South Carolina			17,400		\$17,052
South Dakota			2,900		\$2,361
Tennessee			23,400		\$27,560
Texas			119,100		\$141,570
Utah			9,700		\$10,948